

Voluntary Report - public distribution

Date: 11/28/2003

GAIN Report Number: MY3063

Malaysia

Oilseeds and Products

Update (November)

2003

Approved by:

Bonnie Borris
U.S. Embassy, Kuala Lumpur

Prepared by:

Raymond Hoh

Report Highlights:

Malaysia's CPO production declined by 8 percent to 1.19 MMT in October 2003. Carry-over stock levels at the end of October declined to 875 TMT mainly due to the drop in CPO output. PO exports declined marginally to 1.2 TMT in October. Average local CPO price rose from US\$438/MT in October to US\$491/MT in November.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Kuala Lumpur [MY1]
[MY]

Table of Contents

Executive Summary 3

Annual Situation 4

Quarterly Outlook for Palm Oil 5

Production 6

Prices 7

Stock 8

Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production declined by 8 percent in October 2003. Output in the Peninsula declined by 12.5 percent in October while East Malaysia's production increased by 1.6 percent. Compared to October 2002, output during October 2003 was 2.7 percent higher. Some disruptions in harvesting are expected during the end-of-Ramadan celebration during the last week of November and Post has revised downward the CPO output for the Oct-Dec quarter.

Price

In line with the sharp increases in soy prices, the monthly average CPO price rose from US\$438/MT in October to US\$491/MT in November 2003. For comparison, the average CPO price for November 2002 was US\$412/MT. The RBD Palm Oil FOB average price also rose from US\$455/MT in October to US\$511/MT in November.

Stocks

The decline in domestic CPO output resulted in the PO stock level contracting to 875 MMT at the end of October. With the anticipation of overseas demand outstripping local PO supply in the coming months, Post expects carry-over stock levels to stagnate around the 875 TMT by the end of December.

Trade

Preliminary official PO exports declined marginally from 1.21 MMT in September to 1.2 MMT in October.

Annual Situation

PS&D table for palm oil remains unchanged since the submission of MY3058.

| | Revised 2001/02 | Prelim 2002/03 | Forecast 2003/04 |
|--------------|--------------------|-------------------|---------------------|
| (1,000 tons) | | | |
| Beg Stock | 1,216 | 1,149 | 975 |
| Production | 11,858 | 13,180 | 13,700 |
| Imports | 325 | 436 | 350 |
| Total Supply | 13,399 | 14,765 | 15,025 |
| Exports | 10,163 | 12,076 | 11,500 |
| Domestic Use | 2,087 | 1,714 | 2,425 |
| Ending Stock | 1,149 | 975 | 1,100 |

Quarterly Outlook for Palm Oil

| | 2002 1/ | 2003 2/ | 2002 1/ | 2003 1/ |
|----------------|---------|---------|---------|---------|
| | Jul-Sep | Jul-Sep | Oct-Dec | Oct-Dec |
| | | | | |
| Beg Stocks 3/ | 913 | 995 | 1149 | 975 |
| Prod- Pen. Mal | 2064 | 2327 | 1811 | 2100 |
| - East Mal | 1304 | 1552 | 1395 | 1440 |
| - Total | 3368 | 3879 | 3206 | 3540 |
| Imports | 111 | 66 | 139 | 100 |
| Total Supply | 4392 | 4940 | 4494 | 4615 |
| Exports 4/ | 2629 | 3540 | 2925 | 3300 |
| Dom Disap 5/ | 614 | 425 | 433 | 440 |
| End Stocks | 1149 | 975 | 1136 | 875 |

1/ Revised;

2/ Forecast;

3/ Stocks including crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ residual

Production

| | 2002 | 2002 | 2003 | 2003 |
|----------------------------------|------|---------|------|---------|
| | Oct | Jan-Oct | Oct | Jan-Oct |
| (In 1,000 MT) | | | | |
| CPO: | | | | |
| Pen. Malaysia | 703 | 5909 | 666 | 6734 |
| East Malaysia | 522 | 4016 | 526 | 4432 |
| - Total /1 | 1225 | 9925 | 1192 | 11,116 |
| | | | | |
| Palm Kernel : Malaysia | 329 | 2736 | 322 | 3031 |
| | | | | |
| Palm Kernel Oil: Malaysia | 154 | 1224 | 150 | 1279 |
| | | | | |
| Palm Kernel Meal: Malaysia | 180 | 1424 | 174 | 1600 |

1/ Revised

Prices

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

| | Local Crude | RBD Palm Oil | RBD Olein | RBD Stearin |
|------------------------------|-------------|--------------|-----------|-------------|
| | RM/MT | US\$/MT | US\$/MT | US\$/MT |
| Nov 2002 | 1566 | 422 | 438 | 383 |
| Dec | 1627 | 438 | 454 | 396 |
| Jan | 1654 | 437 | 459 | 395 |
| Feb | 1617 | 434 | 449 | 395 |
| Mar | 1503 | 410 | 421 | 372 |
| Apr | 1460 | 400 | 415 | 355 |
| May | 1480 | 402 | 424 | 339 |
| Jun | 1513 | 416 | 441 | 342 |
| Jul | 1500 | 414 | 442 | 338 |
| Aug | 1393 | 393 | 420 | 317 |
| Sep | 1439 | 400 | 427 | 320 |
| Oct 1/ | 1663 | 455 | 472 | 408 |
| Nov (till 21 st) | 1865 | 511 | 524 | 460 |

1/ Revised

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998

Stock

| | 2002 | 2003 | 2003 | 2003 |
|---------------|------|------|------|------|
| | Oct | Aug | Sep | Oct |
| (In 1,000 MT) | | | | |
| Crude P. Oil | 698 | 503 | 456 | 405 |
| Processed PO | 511 | 512 | 519 | 470 |
| - Total PO | 1209 | 1015 | 975 | 875 |
| | | | | |
| Palm Kernel | 138 | 115 | 115 | 103 |
| P. Kernel Oil | 301 | 227 | 223 | 203 |